

“A Model to Add Value to Wisconsin Raised Pork”
Final Report
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Presented by Wisconsin Pork Producers Association
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Intent: The Wisconsin Pork Producers Association (WPPA) applied for an Agricultural Diversification and Development (ADD) grant through the Wisconsin Department of Agriculture, Trade and Consumer Protection (WDATCP) with the intent to gain knowledge and develop a model to add value to “Wisconsin Raised Pork.” The project investigated the opportunity to increase profits for Wisconsin’s pork producers through a value added marketing system. The project examined the marketing feasibility of providing consumers with a value based pork product raised in Wisconsin. The project identified links between local producers and consumers. The project investigated and studied opportunities within Wisconsin’s meat packing plants to provide slaughter service for the value added pork project. The project analyzed the economic importance of the Wisconsin pork industry, measured the cost of production and reviewed the current infrastructure. WPPA is determined to continue this project with the intent to increase profitability to Wisconsin’s pork producers.

Project Summary: The project was divided into three categories of development. The first was consumer preference. The second included a pilot project regarding Wisconsin Raised Pork. The third is the development of a model to market Wisconsin Raised Pork.

1. Consumer Survey/Focus Group:

During the 1999 Wisconsin State Fair, WPPA surveyed several hundred consumers regarding the potential to market Wisconsin Raised Pork. Upon completion of the survey, a focus group was conducted in the Madison area. The results were submitted to WDATCP as part of our ongoing project summary. There were four major points that were concluded. Consumers wanted to support Wisconsin’s farmers by purchasing their pork products. Consumers were more likely to purchase a Wisconsin pork product that carried a sticker showing it was produced in Wisconsin. Nearly 78% of the consumers surveyed were willing to pay more for Wisconsin Raised Pork. Consumers perceived that Wisconsin Raised Pork products would be fresher, safer and of higher quality compared to generic or other branded pork products.

2. Pilot Project: Wisconsin State Fair

Upon conclusion of the consumer research, the team felt the next logical step was to actually market a Wisconsin Raised Pork product. The 2000 Wisconsin State Fair was chosen as the site for the initial marketing effort. WPPA chose the Wisconsin State Fair because of the strong reputation our Pork Schoppe has with the fairgoers. The team also felt the potential to market our product in the Wisconsin Ag Pavilion would provide an excellent audience. A family farm from the Baraboo area was contacted to provide 20 hogs which were then processed at a facility in Plain. Both the farm that provided the hogs and the meat market that did the processing are known for their quality work. Additionally the farm that provided the hogs is certified at PQA III (Pork Quality Assurance level three) and is EAP (Environmental Assurance Program) certified. These programs are producer driven and are designed to verify that the product coming from the farm was produced at the highest standards of quality and safety, and production was conducted in an environmentally responsible manner. Such certification will be a requirement of any further marketing efforts.

The Wisconsin Raised Pork booth at the 2000 Wisconsin State Fair was very successful in generating interest in the project. Over 300 individuals took the time to write out their name and address to receive information in the future about Wisconsin Raised Pork. The product sampling was very well received and the “bundles” of various pork cuts that were marketed received very positive feedback. (See enclosed copies of customer surveys.) In summary, the effort at the Wisconsin State Fair continued to reinforce the results of the consumer research listed previously.

3. Marketing Model

The availability of high quality, consistent processing capacity to provide Wisconsin Raised Pork to the consumer is a hurdle that has yet to be overcome. WPPA has developed and maintained an excellent working relationship with the Wisconsin Association of Meat Processors (WAMP). Many discussions and meetings have been held between representatives of both organizations. At this time, processing capacity of any volume has not been possible to establish with existing firms in the state. This is true for a number of reasons including: good processors are already very busy, labor is a key concern, many processors are physically located where it is impossible for them to expand, deer season as well as several other seasonal events such as fairs make plants unavailable for large blocks of time.

Due to the lack of available processing, WPPA began to explore the possibility of ownership of a plant within the state. In October of 2000, University of Wisconsin Meat Extension Specialist Dennis Buege contacted WPPA regarding a plant for sale in the DePere area. This plant, Thomson Meats, closed operations at the end of September, 2000. While operating, the plant processed veal, beef, pork and lamb. The plant was federally inspected, and had the potential capacity to slaughter and process 400-600 head of market hogs per day. All of the equipment was still in the plant and available for sale along with the building. The plant also had a significant retail space as part of the building. After initially viewing the plant in early November, WPPA entered into an in-depth due diligence phase to investigate the possibility of facilitating a purchase of the plant by producers.

The due diligence process consisted of a number of activities including: video taping and obtaining blue prints of the plant; obtaining an equipment list; walking the facility with the USDA inspector responsible for the Green Bay area to get an idea of improvements and repairs that would have to be made prior to reopening the plant; listing of utility rates and billing information; obtaining waste water treatment needs, permitting requirements and property tax records; meeting with the firm that handled refrigeration needs of the plant in the past; reviewing Phase I environmental report and appraisal report; consulting with experts regarding the plant process design; and contacting experts regarding a required HACCP plan; an option to purchase document was drafted by the owners of the plant; former employees were contacted and interviewed for potential re-employment; cost of constructing a new plant was looked at for comparison purposes; and zoning status of the facility was investigated.

In moving through the due diligence process, the plant appeared to be workable as a slaughter, processing and potential retail operation. Remodeling and retooling would have been necessary to make the plant workable and to meet HACCP requirements. Unfortunately, when the zoning status of the plant was investigated, the plant was not zoned properly for livestock slaughter. The property where the plant is located was annexed into the village a number of years ago and when it was annexed the property was zoned light industrial. This zoning did not allow for a conditional use for slaughter. Upon review of this situation with village administrator, it became apparent that this zoning issue could not be resolved in a manner that would allow purchase of the plant for the intended purpose.

Although it was frustrating that this exercise did not result in the anticipated purchase of the plant, WPPA gained a vast amount of knowledge regarding the due diligence process including the significant importance of due diligence in itself. Many of the efforts undertaken regarding this plant will be easily repeatable when a suitable plant is found or constructed.

At this time, other potential plants are being investigated both in the state as well as around the Midwest. It is also important to note that the struggle to find plant capacity such as this is not unique to the state of Wisconsin or this project. There have been many well publicized efforts around the country to do similar projects, and they are running into very similar difficulties. The importance of plant capacity cannot be overestimated when looking at the feasibility of bringing Wisconsin Raised Pork to the marketplace.

Project Achievements:

The following areas were achieved by WPPA during the course of this project.

Valid Consumer Research: WPPA conducted consumer research to validate our assumption that consumers preferred to purchase a pork product that was identified as being raised in Wisconsin. The research also confirmed that almost 80% of the consumers surveyed would be willing to pay more for Wisconsin Raised Pork. This research enabled WPPA to move the added value concept forward.

Enhanced Awareness: WPPA enhanced awareness of the consumer research to the industry's stakeholders including, but not limited to, producers, packers, processors, retailers, foodservice distributors and other commodity organizations through press releases and radio interviews. The project was highlighted in several issues of WPPA's newsletter Pork Link.

Increased Producer Participation: WPPA encouraged participation in the project by offering producer seminars regarding the potential marketing opportunities at the 2000 and 2001 Winter Ag Expo. Winter Ag Expo is a multi-commodity convention featuring the state's pork and beef industries. WPPA hosts their annual meeting in conjunction with this convention. In addition, WPPA sponsored a Professional Pork Producers symposium in April of 2000. These seminars gave producers the opportunity to review the consumer research, discuss consumer trends, and developed an understanding of additional marketing opportunities available other than utilizing traditional market access.

Exhibitions: WPPA exhibited at Wisconsin Grocers' Convention, Wisconsin Association of Meat Processors and Wisconsin State Fair to promote their Wisconsin Raised Pork concept. WPPA received a lot of encouragement from the individuals who were interested in further developing the model.

Investigated Toll System: WPPA investigated the opportunity to work with packing plants on a toll system. Other than small processors, of which most are state inspected, Wisconsin has very few federal inspected packing plants. WPPA identified two major sow slaughtering and processing facilities in the state. WPPA met with the plant officials and discussed the opportunity to provide slaughter capacity on a toll basis. WPPA concluded that the sow plants were not structured to slaughter market hogs as needed for this project. The investigation into utilizing smaller packers/processors concluded that there was not enough packing space available at any one plant to address the needs of this project. WPPA continues to identify small packers that are interested in developing a network to assist in slaughter and processing capacity needs to fulfill the goal of the project's intent.

Due Diligence: WPPA investigated purchasing a slaughter and processing plant to increase capacity for Wisconsin's pork producers. Through the due diligence process, WPPA gained a wealth of knowledge regarding the requirements of owning and operating a plant. The proposed plant had the potential capacity to accommodate approximately 10% of Wisconsin's market hog population. Throughout the process, WPPA had the opportunity to work with consultants, meet with inspectors, deal with labor issues, discuss zoning requirements and review a business plan. It was extremely important that WPPA's due diligence process uncovered that the plant was not properly zoned for slaughter. This meant that if WPPA were to remodel, expand or wish to rebuild for any reason, it would be very difficult to receive the necessary zoning approval. Thus, WPPA abandoned the plan for producers to purchase that particular plant.

Education: WPPA sent a representative to the NPPC Small Slaughter Plant Feasibility Conference, "Branding Your Beliefs" seminar, UWEX meat summit as well as the kickoff and annual meeting of the new generation cooperative "Pork America". WPPA also developed a network of Wisconsin Pork America producers.

Information: WPPA provided several producers with information and leads to develop their own market through farm brand and breed specific system in order to add value to their product.

Pilot Project: WPPA piloted a Wisconsin Raised Pork bundle at 2000 Wisconsin State Fair. The bundle consisted of traditional cuts and value added pork products in order to market the whole hog. WPPA gained knowledge regarding labeling and advertising requirements. The Wisconsin Department of Agriculture, Trade and Consumer Protection staff assisted with labeling requirements. WPPA worked with a reputable Wisconsin producer and processor to prepare the product. The bundle contained thick and juicy pork chops, flavorful Wisconsin ground pork, slow smoked Wisconsin bacon, traditional Wisconsin bratwurst, Wisconsin specialty breakfast links and hickory smoked quality ham. The pilot featured a display area throughout the eleven day Wisconsin State Fair. WPPA was pleased with the amount of traffic throughout the Wisconsin Ag Pavilion and surveyed several consumers regarding the product. WPPA provided fairgoers with Wisconsin Raised Pork samples and educational materials about our product. WPPA secured a list of individuals interested in purchasing Wisconsin Raised Pork. WPPA also sold several bundles of pork at the event and promoted the product through a local organization.

Economic Report: WPPA worked with economists Dr. Lawrence and Dr. Otto of Iowa State University to provide a report regarding the current economics of Wisconsin's pork industry. A copy of this report is attached.

Building Alliances: WPPA strengthened relationships regarding our marketing needs with local, state, regional and national organizations. Examples include presentations at county pork producer associations, Equity Livestock Marketing Cooperative, Wisconsin Farm Bureau, Midwest pork associations, and NPPC's agricultural advisor committee.

Knowledge: WPPA is very appreciative of the amount of knowledge the organization has gained through this grant program, and excited about the potential opportunities this model provides for Wisconsin's pork producers.

Evaluation of results and future direction:

As this report documents, it is apparent that there is consumer interest and producer desire in providing Wisconsin Raised Pork products.

Additional work must be conducted including, but not limited to, the development of a limited liability company or new generation cooperative to assist pork producers in marketing Wisconsin Raised Pork. In order to meet the needs of our producers, it is important to identify additional slaughter and processing capacity within the state in order to move Wisconsin Raised Pork forward.

At this time, there are a few producers who are marketing their own farm brand, niche market or working with breed specific marketing opportunities. There is also a plan to market Wisconsin Raised Pork at a specialty meat store near La Crosse, Wisconsin in July, 2001.

Although we are very pleased with these efforts, it is important to pursue additional slaughter and processing capacity in order to provide for a significant amount of pork to be marketed through various channels. Wisconsin producers are yearning for additional direction and assistance to enhance profits through value added marketing.

It is the goal of WPPA to be able to distribute Wisconsin Raised Pork at the foodservice, retail and wholesale levels. WPPA's goal is to access enough slaughter and processing capacity in order to market a minimum of 10% of Wisconsin's market hog supply. WPPA is determined to develop a limited liability company or new generation cooperative to assist with this venture. An interim advisory board will be formed. To assist with brand recognition, WPPA will trademark Wisconsin Raised Pork and Pork Schoppe. WPPA serves approximately 60,000 pork sandwiches during the Wisconsin State Fair. WPPA looks forward to the day when our producers can advertise that the product served at our Wisconsin State Fair Pork Schoppe is Wisconsin Raised Pork.

Educational Materials Developed through the Project:

Marketing Research – Kroupa & Associates – Wisconsin State Fair Survey Final Report
Focus Group – Kroupa & Associates – Wisconsin Pork Branding
The Wisconsin Pork Industry 1999: Patterns and Economic Importance – Otto & Lawrence
Wisconsin Raised Pork – WPPA brochure
Wisconsin Raised Pork – WPPA stickers
Consumer Information Packet – Wisconsin Raised Pork – 2000 Wisconsin State Fair – WPPA